

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 L-03 JUSE-00 COME-00 CIAE-00

INR-11 NSAE-00 RSC-01 FTC-01 OMB-01 SAJ-01 /055 R

DRAFTED BY EB/CBA/BP:HJWINTER:VJW

APPROVED BY EB/CBA/BP:HJWINTER

EUR/CAN - EBROWN

EUR/NE - CFLOYD

L/EB - MSPIEGEL

JUSTICE - TSHELDON

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P 012151Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY LONDON PRIORITY

AMEMBASSY OTTAWA PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, UK, CA

SUBJECT- GRAND JURY ANTITRUST INVESTIGATION RE BANK
SECURITY EQUIPMENT MANUFACTURERS

1. JUSTICE HAS ADVISED THE DEPARTMENT THAT IT WILL CONDUCT
A GRAND JURY INVESTIGATION INTO ALLEGED VIOLATIONS OF
U.S. ANTITRUST LAWS INVOLVING POSSIBLE ATTEMPTS BY AMERICAN
MANUFACTURERS OF BANK SECURITY EQUIPMENT TO RESTRAIN THE
IMPORTATION OF SUCH EQUIPMENT INTO THE U.S. OR OTHERWISE
DIVIDE WORLD MARKETS FOR SUCH EQUIPMENT.

2. THE FIRMS BEING INVESTIGATED IN THIS MATTER INCLUDE
TWO U.S. MANUFACTURERS OF BANK SECURITY EQUIPMENT,
DIEBOLD, INC. AND THE MOSLER SAFE DIVISION OF AMERICAN
STANDARD, INC., AND A BRITISH MANUFACTURER OF THIS EQUIP-
MENT, CHUBB AND SON, LTD.

3. ACCORDING TO JUSTICE, PRELIMINARY INFORMATION INDICATES
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CHUBB MAY HAVE DISCONTINUED PLANS TO ENTER THE U.S. MARKET

IN RESPONSE TO "COMMERCIAL THREATS" MADE TO CHUBB BY ONE OR BOTH U.S. MANUFACTURERS.

4. JUSTICE WILL ALSO INVESTIGATE A JOINT VENTURE AGREEMENT BETWEEN MOSLER AND CHUBB IN CANADA WHICH MAY UNREASONABLY RESTRAIN BOTH CHUBB AND THE CANADIAN JOINT

VENTURE FROM SELLING IN THE U.S. MARKET.

5. AS A FIRST STEP, JUSTICE WILL IN THE NEAR FUTURE OBTAIN DOCUMENTS FROM THE TWO U.S. MANUFACTURERS BY GRAND JURY SUBPOENA.

6. JUSTICE ALSO PLANS TO SEEK FROM CHUBB BY LETTER, ON A VOLUNTARY BASIS, DOCUMENTS RELATING TO THIS MATTER.

7. JUSTICE HAS ALSO INDICATED THAT THERE IS A POSSIBILITY IT WILL ASK CHUBB EMPLOYEES, THAT IS, BRITISH SUBJECTS RESIDING IN GREAT BRITAIN, TO APPEAR VOLUNTARILY BEFORE THE GRAND JURY AND GIVE TESTIMONY IN THIS MATTER.

8. ACTION REQUESTED: IN ACCORDANCE WITH THE 1967 OECD NOTIFICATION PROCEDURE THE EMBASSY IS REQUESTED TO TAKE THE FOLLOWING ACTION:

(A) LONDON - THE EMBASSY IS REQUESTED TO INFORM DEPARTMENT OF TRADE AND INDUSTRY COMMERCIAL RELATIONS AND EXPORTS, DIV 1 VICTORIA STREET, LONDON, S.W. 1, ABOUT THE GRAND JURY INVESTIGATION AND COVER THE POINTS IN PARAGRAPHS 1 THROUGH 7.

(B) OTTAWA - THE EMBASSY IS REQUESTED TO INFORM THE UNDER-SECRETARY OF STATE FOR EXTERNAL AFFAIRS, ATTENTION: COMMERCIAL POLICY DIVISION, DEPARTMENT OF EXTERNAL AFFAIRS, WITH COPY TO DIRECTOR OF INVESTIGATION AND RESEARCH, COMBINES INVESTIGATION ACT, DEPARTMENT OF CONSUMER AND CORPORATE AFFAIRS ABOUT THE GRAND JURY INVESTIGATION AND COVER THE POINTS IN PARAGRAPHS 1 THROUGH 6.

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(C) PLEASE REPORT SOONEST ANY COMMENTS OF BRITISH AND CANADIAN AUTHORITIES.

9. DEPARTMENT HAS DISCUSSED MATTER INFORMALLY WITH BRITISH EMBASSY (THOMAS SHARP, COMMERCIAL COUNSELOR) AND WE UNDERSTAND JUSTICE HAS BEEN IN TOUCH WITH SHARP. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE167773
Document Source: CORE
Document Unique ID: 00
Drafter: HJWINTER:VJW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740211-0663
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740881/aaaacrrz.tel
Line Count: 114
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2002 by boyleja>; APPROVED <12-Aug-2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GRAND JURY ANTITRUST INVESTIGATION RE BANK SECURITY EQUIPMENT MANUFACTURERS
TAGS: BDIS, UK, CA, DIEBOLD INC, MOSLER INC
To: LONDON OTTAWA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005